To: Chairman Gerwatowski, Commissioner Anthony, Commissioner Revens
From: Commission staff
Date: July 21, 2023
Re: Incorporating final round of stakeholder comments into LCP Standards update (Docket No. 23-07-EE)

Attached to this Memorandum is a copy of the Notice to Accept Comments issued on July 3, 2023, in which Commission staff reviewed written comments provided by Rhode Island Energy (RIE), the Office of Energy Resources (OER), and the Rhode Island Energy Efficiency and Resource Management Council (EERMC). PUC staff reviewed those comments and incorporated the majority of the parties' recommendations and comments into revised draft LCP Standards. These revised draft LCP Standards and the Notice to Accept Comments were distributed to the Service List and posted on the Commission's webpage for this Docket.

On July 14, 2023, the Commission received additional written comments from the EERMC.[1] Commission staff has reviewed those comments and made further revisions to the revised draft LCP Standards based on those comments. There were, however, some recommendations and comments that staff did not incorporate into the revised draft LCP Standards. Below is an explanation of why staff did not adopt those recommendations.

Also attached to this Memorandum is a newly revised draft of the LCP Standards containing all of the staff recommended revisions. This matter is scheduled for the Commission's review at the Open Meeting scheduled for July 27, 2023.

1. EERMC comment regarding DSM definition:

   "We previously recommended adding additional items to [the Definitions section of the Standards] to define Demand Side Management and Investment Proposals/Programs given the addition of Chapter 7. It does not appear that this was addressed either here in the updated redline or the document that explained why PUC staff did not adopt certain recommendations and comments, so we are raising it again here for consideration."

   Staff recommendation: the definition of DSM is already outlined in Chapter 7.2. We did not receive any stakeholder comments suggesting that existing definition is insufficient, unclear, or otherwise suboptimal. We do not recommend adding a new definition to the Definitions section of the standards. If we added a more specific, applied definition of DSM to the Definitions section (e.g. "DSM could compass such items as demand response, electrification, etc."), that definition may be overly-narrow or unnecessarily limit future utility proposals.

2. EERMC recommendation regarding 3rd party program administrator:

   "In light of the Governor's budget and associated legislation requiring OER to put the Implementation of EE programs out to RFP, should we consider updating the Standards to reflect that they may apply to a Program Administrator? … We raise this because the RFP for those services will reference the LCP Standards, and it would be important for prospective bidders that aren't the gas and electric distribution companies to understand how and if the Standards apply to a 3rd party entity. One way to address this would be to replace references to the electric and gas distribution companies with something like "Program Administrator" which reflects the language being used in the RFP."

   Staff recommendation: the budget article clearly states that "the third-party administrator shall be accountable to the same standards as the utility with administering and implementing energy efficiency, system reliability and least cost procurement standards and goals in accordance with §§ 39-1-27.7 and 39-7 2-1.2." What's more, no third-party program administrator has been selected yet to run the programs in

[1] OER also submitted non-substantive written comments.

place of the distribution company. For these two reasons, we do not recommend amending the Standards to replace "distribution company" with "program administrator."

3. EERMC recommendation regarding Parity (Chapter 3.2.N):

   EERMC recommends editing the section on Parity from "the distribution company shall design EE plans to capture all resources that are cost-effective and lower cost than supply and ensure equitable access to those resources across sectors and customer classes" to "the distribution company shall design EE plans to capture all resources that are cost-effective and lower cost than supply and ensure equitable ***distribution of those resources' benefits*** across sectors and customer classes" (emphasis added). The EERMC commented that "equitable 'access to resources' is difficult to define, measure, and report, and even if achieved, may not result in equitable outcomes. 'Equitable distribution of those resources' benefits' is one potential phrase the Commission could consider if they would like to emphasize equitable outcomes specifically, rather than just equitable access to resources. Distribution of actual benefits is also likely to be more readily quantifiable and reportable than access."

   Staff recommendation: the Parity section of Chapter 3.2 clearly addresses the allocation of EE program funding between sectors (i.e. market rate residential, income eligible, C&I). In contrast, the EERMC's recommended edit addresses something different: how the benefits that result from EE program activity are allocated across sectors and experienced by different classes of customers. This represents a different dimension of equity than funding parity, and is already addressed in the Equity section that directly precedes the Parity section (Chapter 3.2.D). The Equity section as it is currently written reads "The portfolio of programs proposed by the distribution company shall be designed to ensure that all customers have equitable opportunities to participate in the offerings of EE Plans and a fair allocation of costs and benefits." We believe this existing language captures the spirit of the EERMC's recommendation. For that reason, we do not recommend editing the Parity section.

4. EERMC recommendation regarding wording of Chapter 3.3.B.i. (non-substantive):

   "We suggest minor redlines here so that the language used describing the two different ways is worded the same." Minor redlines include editing the sentence "total energy savings should be presented in two different ways: the cumulative annual energy savings delivered during the three years, and the cumulative lifetime energy savings to be delivered by the energy efficiency activity that is performed during the three years" to "total energy savings should be presented in two different ways: the cumulative annual energy savings delivered during the three years, and the cumulative lifetime energy savings **~~to be~~** delivered **~~by the energy efficiency activity that is performed~~** during the three years."

   Staff recommendation: we agree that the clarity of the sentence could be improved by using either "to be delivered" or "delivered" to describe both savings metrics (as opposed to mixing and matching). We recommend editing the sentence to read: "total energy savings should be presented in two different ways: the cumulative annual energy savings **to be** delivered during the three years, and the cumulative lifetime energy savings to be delivered ~~by the energy efficiency activity that is performed~~ during the three years."

5. EERMC recommendation regarding filing date of combined three-year plan and annual plan:

   "EERMC notes that, based on the comment provided on the edit immediately below this edit, if the intent is for all plans to be required to be filed by October 1st, this section should also be modified to reflect that."

   Staff recommendation: in their current form, the Standards require annual plans that are filed concurrently with a three-year plan to be filed no later than October 15. Staff's intention was to require all annual plans and/or three-year plans to be filed no later than October 1. We recommend adopting EERMC's edit, which would be consistent with other edits we proposed elsewhere in the Standards.

6. EERMC recommendation regarding equity metrics:

   EERMC proposes adding new language to the Reporting Requirements section (Chapter 3.4.B.xi.d.): "specific, measurable metrics for tracking progress toward achieving equitable program outcomes within specified timeframes. Reporting cadence for equitable program outcomes shall be no less frequent than quarterly reporting. The distribution company shall develop such metrics and reporting cadences for tracking equitable program outcomes, including target levels of attainment for each metric, in consultation with stakeholders, including at a minimum the EERMC." In their comment, the EERMC explained that the recommendation "reflects desire from stakeholders over the past several years for reporting on measurable metrics for the Company's equity initiatives."

   Staff recommendation: whereas the EERMC's prior equity-related recommendation relates to program design, this recommendation relates to reporting. We note that Chapter 3.4.B.xi.e (the section that immediately follows the proposed edit) already allows for process by which the EERMC can consult with the company to propose additional data to be reported. Nothing in the Standards prohibits the Company from reporting on equity-related metrics, nor does it prohibit the EERMC from consulting with the company to propose reporting on equity-related metrics. Given the robustness of the existing reporting provisions, and the fact that EERMC is not proposing any specific metrics, we do not believe it is necessary to adopt the EERMC's recommended language.

7. EERMC recommendation regarding wording of Chapter 6.4 (non-substantive):

   "We recommend striking this sentence ["the council may review DSM proposals"] as it contradicts the first sentence ["the council shall review DSM proposals"]. The second sentence is a vestige of the SRP section that we pulled from in drafting this section.

   Staff recommendation: This was the result of a copy-paste error. The intent of this section was to say that the Council "shall" review DSM proposals. This mirrors the existing requirement that the Council "shall" review EE proposals. We recommend striking the sentence that reads "the council may review DSM proposals."